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ANNUAL REPORT 2002-2003

EMPIRE INDUSTRIES LIMITED

DIRECTORS :

S.C. MALHOTRA	<i>Chairman</i>
RANJIT MALHOTRA	<i>Vice-Chairman</i>
DILEEP MALHOTRA	<i>Jt. Managing Director</i>
N.V. KHOTE	} <i>Directors</i>
R.A. MASKATI	
J.N. GUZDER	
F.A.A. JASDANWALLA	

DIRECTOR FINANCE & COMPANY SECRETARY :

S.K. GULATI

AUDITORS :

R.A. PATEL & CO.

ADVOCATES & SOLICITORS :

GAGRAT & CO.

R. PUNWANI

BANKERS :

INDIAN BANK

ALLAHABAD BANK

BANK OF INDIA

BANK OF BARODA

CENTRAL BANK OF INDIA

REGISTERED OFFICE :

414, Senapati Bapat Marg,
Mumbai 400 013

Tel : 2496 4203 / 2493 8411

Fax : 2493 9143 / 2493 7203

E-mail : empire_secretarial@rediffmail.com

PLANT :

Vitrum Glass

L.B. Shastri Marg
Vikhroli, Mumbai 400 083

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NOTICE

The ONE HUNDRED SECOND ANNUAL GENERAL MEETING of the Members of EMPIRE INDUSTRIES LIMITED will be held on Friday, September 26, 2003 at 3:00 P.M. at Shri Bhaidas Maganlal Sabhagriha Hall, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 to transact the following business:

AGENDA

1. To adopt the Directors' Report and the Audited Balance Sheet as at March 31, 2003, and the Profit & Loss Account for the year ended on that date.
2. To appoint a Director in place of MR.DILEEP MALHOTRA, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of MR.F.A.A. JASDANWALLA, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration, and to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Messrs R.A. Patel & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors plus Service Tax plus reimbursement of Traveling and actual Out-of-pocket Expenses."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for jointly mortgaging and/or charging by the Board of Directors of the Company of all or any of the immoveable properties of the Company at its plant at Vikhroli in Maharashtra State and hypothecation of movable assets of The Empire Institute of Learning - Phase II, both present and future in favour of Indian Bank [for Rs.140 lacs], Allahabad Bank [for Rs.134 lacs] and Bank of India [for Rs.126 lacs] (subject to the prior charge in favour of the Company's bankers over movable Assets and specific Fixed Assets hypothecated to the Company's bankers) to secure financial assistance by way of

Rupee Loan aggregating to Rs.400 lacs availed during January 2003, for developing infrastructure for The Empire Institute of Learning, Phase - II, lent and advanced by the above banks to the Company together with interest at the respective agreed rate of interest and/or compound interest and/or additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to the aforesaid banks in terms of their Loan Agreement/Hypothecation Agreement/Letters of Sanction/Memorandum of terms and conditions, entered into/to be entered into by the Company, in respect of the said loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalise with Indian Bank, Allahabad Bank and Bank of India, the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all or any of the immoveable properties of the Company at its plant at Vikhroli in Maharashtra State, both present and future in favour of Indian Bank for Rs.400 lacs (subject to the prior charge in favour of the Company's bankers over specific Fixed Assets hypothecated to the Company's bankers) to secure financial assistance by way of Rupee Loan of Rs.400 lacs availed during May 2003, for developing the property at Lower Parel, lent and advanced by the Indian Bank to the Company together with interest at the respective agreed rate of interest and/or compound interest and/or additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to the aforesaid Bank in terms of their Loan Agreement / Letters of Sanction/Memorandum of terms and conditions, entered into/to be entered into by the Company, in respect of the said loan."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalise with Indian Bank the documents for creating



the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution."

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) to the said Act, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr.S.C. Malhotra as Chairman of the Company for a period of five years with effect from 1st November, 2003 on the following remuneration and terms and conditions set out in the draft agreement submitted to this Meeting and for identification initialed by Mr. F.A.A. Jasdanwalla, a Director of the Company."

(A) **Salary:** Rs.87,500/- per month in the scale of Rs.87,500/- – Rs.1,50,000/-. The Annual increments, which will be effective 1st April each year will be decided by the Board of Directors.

(B) **Perquisites:** Chairman shall be entitled to the perquisites as classified into three categories "A", "B" and "C" as follows:

Category "A":

(i) **Residential Accommodation:**

Fully furnished residential accommodation, if no accommodation is provided by the Company a suitable House Rent Allowance for a fully furnished residential accommodation or what the Board of Directors may determine will be paid to him.

(ii) The expenditure incurred by the Company on providing gas, electricity and water at the residential accommodation shall be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of Mr.S.C. Malhotra.

(iii) **Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iv) **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.

(v) **Club Fees:** Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

(vi) **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- p.a.

Explanation: For the purpose of Category "A" Family means the spouse, the dependent children and dependent parents.

Category "B":

(i) Contribution to Provident Fund as per rules of the Company. This will not be included in the computation of ceiling on perquisites to the extent this either singly or put together are not taxable under the Income Tax Act.

(ii) Gratuity payable shall not exceed half month's salary for each completed year of service. This will not be included in the computation of the ceiling on perquisites.

Category "C":

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr.S.C. Malhotra.

(C) **Commission:** 1% of the net profits of the Company for each financial year or part thereof as laid down under Section 309(5) of the Companies Act, 1956.

(D) **Leave:** Leave on full pay and allowance as per rules of the Company. Leave accumulated and not availed of may be encashed as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

(E) The Chairman will not be paid any sitting fees for attending the meeting of the Board of Directors or any Committee thereof.

(F) The Chairman shall be entitled to the reimbursement of all expenses including traveling and entertainment expenses actually and properly incurred by him in the course of business of the Company.

(G) In case the Chairman suffers permanent total disablement due to sickness or accident or shall die during the course of his employment hereunder, the Company shall pay full salary for the then current calendar month and for six calendar months thereafter, to him or his heirs as the case may be.

(H) In case of premature death during the currency of this agreement, his nominee as disclosed by him in the Superannuation Scheme, will be paid

50% of the Salary for the balance period of the full term of this agreement.

- (l) Subject to the provisions of Section 201 of the Companies Act, 1956 the Company agrees to indemnify the Chairman for any costs, losses, penalty, fine expenses which he may incur or become liable to by reasons of any contract entered into or act or thing done by him in any way in the discharge of his duties as a Chairman.

"RESOLVED FURTHER THAT in the event of loss or absence or inadequacy of profits in any financial year of the Company subject to the provisions of the Companies Act, 1956 the salary and perquisites payable and allowed to Mr.S.C. Malhotra shall be as specified above."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary, alter, increase, expand, enhance, enlarge or widen the scope of the remuneration and perquisites, including the monetary value thereof specified in Schedule XIII to the Companies Act, 1956, as amended from time to time."

"RESOLVED LASTLY THAT the Board of Directors be and are hereby authorized to do all such acts, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) to the said Act, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr.Ranjit Malhotra as Vice-Chairman and Managing Director of the Company (with the designation of Vice-Chairman) for a period of five years with effect from 1st October, 2003 on the following remuneration and terms and conditions set out in the draft agreement submitted to this Meeting and for identification initialed by Mr. F.A.A. Jasdanwalla, a Director of the Company."

(A) **Salary:** Rs.87,500/- per month in the scale of Rs.87,500/- - Rs.1,50,000/-. The Annual increments, which will be effective 1st April each year will be decided by the Board of Directors.

(B) **Perquisites:** Vice-Chairman shall be entitled to the perquisites as classified into three categories "A", "B" and "C" as follows:

Category "A":

(i) *Residential Accommodation:*

Fully furnished residential accommodation, if no accommodation is provided by the Company a suitable House Rent Allowance for a fully furnished residential accommodation or what the Board of Directors may determine will be paid to him.

- (ii) The expenditure incurred by the Company on providing gas, electricity and water at the residential accommodation shall be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of Mr.Ranjit Malhotra.

- (iii) **Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

- (iv) **Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.

- (v) **Club Fees:** Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

- (vi) **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- p.a.

Explanation: For the purpose of Category "A" Family means the spouse, the dependent children and dependent parents.

Category "B":

- (i) Contribution to Provident Fund as per rules of the Company. This will not be included in the computation of ceiling on perquisites to the extent this either singly or put together are not taxable under the Income Tax Act.

- (ii) Gratuity payable shall not exceed half month's salary for each completed year of service. This will not be included in the computation of the ceiling on perquisites.

Category "C":

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr.Ranjit Malhotra.

- (C) **Commission:** 1% of the net profits of the Company for each financial year or part thereof as laid down under Section 309(5) of the Companies Act, 1956.



- (D) Leave: Leave on full pay and allowance as per rules of the Company. Leave accumulated and not availed of may be encashed as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- (E) The Vice-Chairman will not be paid any sitting fees for attending the meeting of the Board of Directors or any Committee thereof.
- (F) The Vice-Chairman shall be entitled to the reimbursement of all expenses including traveling and entertainment expenses actually and properly incurred by him in the course of business of the Company.
- (G) In case the Vice-Chairman suffers permanent total disablement due to sickness or accident or shall die during the course of his employment hereunder, the Company shall pay full salary for the then current calendar month and for six calendar months thereafter, to him or his heirs as the case may be.
- (H) In case of premature death during the currency of this agreement, his nominee as disclosed by him in the Superannuation Scheme, will be paid 50% of the Salary for the balance period of the full term of this agreement.
- (I) Subject to the provisions of Section 201 of the Companies Act, 1956 the Company agrees to indemnify the Vice-Chairman for any costs, losses, penalty, fine expenses which he may incur or become liable to by reasons of any contract entered into or act or thing done by him in any way in the discharge of his duties as a Vice-Chairman.

"RESOLVED FURTHER THAT in the event of loss or absence or inadequacy of profits in any financial year of the Company subject to the provisions of the

Companies Act, 1956 the salary and perquisites payable and allowed to Mr.Ranjit Malhotra shall be as specified above."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary, alter, increase, expand, enhance, enlarge or widen the scope of the remuneration and perquisites, including the monetary value thereof specified in Schedule XIII to the Companies Act, 1956, as amended from time to time."

"RESOLVED LASTLY THAT the Board of Directors be and are hereby authorized to do all such acts, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

By Order of the Board
For **EMPIRE INDUSTRIES LIMITED**

S. K. GULATI
Director Finance &
Company Secretary

Registered Office:

414, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.

Place : Mumbai

Date : July 28, 2003.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956, in respect of Item Nos.5 to 8 as set out above are annexed hereto.

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956 the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 5 to 8 of the accompanying Notice dated July 28, 2003.

ITEM NO.5

The Company has approached the Consortium of Banks, viz. Indian Bank, Allahabad Bank and Bank of India for financial assistance of Rs.140 lacs, Rs.134 lacs and Rs.126 lacs respectively for meeting the Capital Expenditure for developing infrastructure for The Empire Institute of Learning-Phase II, as mentioned in Resolution No.5.

The said financial assistance from Consortium of Banks is to be secured by –

- (1) A first mortgage of the Company's immoveable property, both present and future, of its Glass Factory at Vikhroli in Maharashtra State and
- (2) Hypothecation of movable assets of the Empire Institute of Learning-Phase II.

subject to the prior charges in favour of the Company's bankers over movable assets and specific Fixed Assets hypothecated to the Company's bankers.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a Public Company shall not, without the consent of the Members of such Public Company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since a mortgage and charge by the Company are required to be created on its immoveable properties as required in favour of Consortium Banks, the same may be deemed to be disposal of the Company's property/undertaking of the Company at its Glass Unit, Vikhroli in Maharashtra, within the meaning of Section 293(1)(a) of the Companies Act, 1956, the sanction of the Shareholders is therefore being sought in accordance with Resolution No.5. Copies of the Head of Agreement entered into by the Company with Consortium of Banks in respect of the aforesaid financial assistance and copies of the sanction letters are open for inspection at the Registered Office of the Company on any working day of the Company between 10.00 A.M. and 1.00 P.M.

None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO.6

The Company has approached the Indian Bank for financial assistance of Rs.400 lacs for meeting the Capital Expenditure for developing its property at Lower Parel as mentioned in Resolution No.6.

The said financial assistance from Indian Bank is to be secured by –

- (1) A first mortgage of the Company's immoveable property, both present and future, of its Glass Factory at Vikhroli in Maharashtra State

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a Public Company shall not, without the consent of the Members of such Public Company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since a mortgage and charge by the Company are required to be created on its immoveable properties as required in favour of Indian Bank, the same may be deemed to be disposal of the Company's property/undertaking of the Company at its Glass Unit, Vikhroli in Maharashtra, within the meaning of Section 293(1)(a) of the Companies Act, 1956, the sanction of the Shareholders is therefore being sought in accordance with Resolution No.6. Copies of the Head of Agreement entered into by the Company with Indian Bank in respect of the aforesaid financial assistance and copy of the sanction letter are open for inspection at the Registered Office of the Company on any working day of the Company between 10.00 A.M. and 1.00 P.M.

None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO.7

Mr. S C Malhotra's tenure of appointment as Chairman of the Company expires on 31st October, 2003. The Board of Directors at its Meeting held on 28th July, 2003, have re-appointed Mr. S C Malhotra as Chairman subject to the approval of the Members of the Company, for a period of five years with effect from 1st November, 2003, on such remuneration and terms & conditions as set out in the Resolution. Since Mr.S.C. Malhotra has attained the age of 70 years, his reappointment is to be approved by Special Resolution per provisions of Schedule XIII of the Companies Act, 1956.

The draft Agreement to be entered into by the Company with Mr. S C Malhotra is available for inspection by the Members of the Company between 10.00 A.M. and 1.00 P.M. on all working days upto and including day of the Meeting.

Mr. S C Malhotra is interested in the proposed Resolution as it concerns his own remuneration. Mr. Ranjit Malhotra and Mr. Dileep Malhotra, Directors of the Company may also be regarded as interested in the Resolution as relatives of Mr. S C Malhotra.

ITEM NO.8

Mr. Ranjit Malhotra's tenure of appointment as Vice-Chairman & Joint Managing Director of the Company expires on 30th September, 2003. The Board of Directors at its Meeting held on 28th July, 2003, have re-appointed Mr. Ranjit Malhotra as Vice-Chairman & Managing Director (With the designation of Vice-Chairman) subject to the approval of the Members of the Company, for a period of five years with effect from 1st October, 2003, on such remuneration and terms & conditions as set out in the Resolution.

The draft Agreement to be entered into by the Company with Mr. Ranjit Malhotra is available for inspection by the Members of the Company between 10.00 A.M. and 1.00 P.M. on all working days upto and including day of the Meeting.

Mr. Ranjit Malhotra is interested in the proposed Resolution as it concerns his own remuneration. Mr. S C Malhotra and Mr. Dileep Malhotra, Directors of the Company may also be regarded as interested in the Resolution as relatives of Mr. Ranjit Malhotra.

The Explanatory Statements and the Resolutions may be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board
For EMPIRE INDUSTRIES LIMITED

S. K. GULATI
Director Finance &
Company Secretary

Registered Office:

414, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.
Place : Mumbai
Date : July 28, 2003.



DIRECTORS' REPORT

The Directors hereby present their Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2003.

FINANCIAL RESULTS:

Particulars	Year ended 31.03.2003 Rupees	Year ended 31.03.2002 Rupees
Income:		
Sales & Commission	63,25,94,157	62,19,42,624
Educational Income	4,46,86,610	4,10,31,341
Other Income	3,73,33,996	1,71,26,622
	71,46,14,763	68,01,00,587
Less: Operating Expenses	70,47,57,164	67,50,33,333
Profit Before Tax	98,57,599	50,67,254
Less: Provision for		
Current Taxation	10,00,000	6,00,000
Provision for Deferred Tax	19,68,000	—
Amount available for appropriation	68,89,599	44,67,254
Appropriated as under:		
General Reserve	68,89,599	44,67,254

DIVIDEND:

Although the Company has performed better in the year under review, your Directors recommend that Dividend be withheld to strengthen the Company's liquidity position.

OPERATIONS:

Vitrum Glass:

The Division manufactures over one million Amber Glass Bottles everyday for the Pharmaceutical Industry. With Automatic Inspection Machines installed on all the four production lines, the Division produces world class Containers. During the year under review, total exports (including third party exports) amounting to Rs.5.73 Crores were 37% higher than the previous year's exports (Rs.4.19 Crores). The Division has performed well during the year under review and is expected to do better during the current year.

Empire Machine Tools - MFTM (Metal Forming, Testing & Metrology)

The Division is engaged in the agency business covering a wide range of products, broadly classified under Metal Forming machines, Metrology & Material Testing equipments of foreign make, involving hi-tech sales and service support. The Division has performed well during

the year under review, in a market facing problems of cash flow and severe competition. Currently, the Division is restructuring its activities to focus on high revenue machines and acquiring product lines with future demand. The Division has recently set up a Tech Centre for demonstrating and bench marking on Rapid Prototyping, Digitizing and Coordinating Metrology equipments.

Empire Machine Tools - MCAT (Metal Cutting & Allied Technologies)

Due to our focus on high value machines, the majority of the business has been with Public Sector undertakings and Government factories. In the year under review, there has been an upswing in the investments in the Automobile Sector and white goods sector. Due to good enquiries for high value items, the Division will do better in the current year in terms of Order Booking as well as Billing.

Empire Chemicals:

The Division's performance in the year under review has been good considering the constraints brought about by some antidumping levies imposed by the Government. In the current year, this Division is hopeful of acquiring more principals from China and Europe in semi-specialties and pharma intermediates/APIs (Active Pharmaceutical Ingredients). We are making efforts to increase exports to China and other markets.

Empire Instrumentation:

The year under review continued to be sluggish in terms of investment in the Central Sectors like Oil and Gas, Health Care and Scientific Laboratories. However, now the signs are positive. Health Sector has shown great potential for investment and the Division has expanded its Portfolio by adding new Principals. The addition in Principals for Scientific and Analytical Instruments would yield good results. The Division expects better performance during the current year.

Empire Industrial Equipment:

The Division is now poised for growth with the market showing favourable signs. Ports and Oil & Gas Sectors, especially onshore and offshore sectors have been targeted and the results are positive. With the addition of some more good Principals, the results during the current year are expected to be better.

The Empire Institute of Learning:

At present, the Institute has over 300 full time students studying various courses. Though all efforts are being made to enroll more students in the current year, the response so far is not very encouraging. There is a lot of competition and there are various Institutions with

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similar tie ups with foreign Universities who are enrolling students at much lower fees and hence the performance of this Division in terms of revenue is unlikely to show better results in the current year. Also, private providers of education are coming under greater Government controls, making education as a business less remunerative.

CAPITAL EXPENDITURE:

Capital Expenditure incurred during the year amounted to Rs.18.11 Crores as against Rs.2.37 Crores in the previous year. The major Capital Expenditure of Rs.13.88 Crores was incurred on developing the Lower Parel property of the Company for the purposes of offering the same on Leave & License basis to banks/multinational companies, which are outside the scope of the Maharashtra Rent Control Act, 1999. At present, the Company has entered into Leave & License Agreement with ABN AMRO Bank Central Enterprise Services Pvt. Ltd., a wholly owned subsidiary of ABN AMRO Bank and the ICICI Bank.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Board of Directors confirm as under:

- i) that in preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures except accounting standard AS-15 in respect of provision of Gratuity & Retirement Benefits which have been accounted on cash basis as noted in Note No.7 of Schedule N.
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE:

A report on Corporate Governance is given in the Annexure forming part of this report.

SUBSIDIARY COMPANY:

The Accounts of Empire Securities & Capital Limited for the year ended March 31, 2003, together with the relevant statements under Section 212 of the Companies Act, 1956 as required are annexed to this Report.

FIXED DEPOSITS:

As on March 31, 2003, 134 depositors had not claimed their matured deposits amounting to Rs.10,52,500/-. Since then 33 depositors have claimed/renewed their deposits amounting to Rs.4,56,000/-. As of date, all deposit claims have been met, except unclaimed deposits amounting to Rs.5,96,500/-. The Company has complied with the provisions of Section 58 A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees is given in the Annexure forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to the foregoing matters is given in the Annexure forming part of this report.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Dileep Malhotra and Mr. F.A.A. Jasdanwalla, retire by rotation at this Annual General Meeting and being eligible, offer themselves, for reappointment.

ACKNOWLEDGEMENT:

Your Directors would like to express their gratitude for the abundant assistance and co-operation received by the Company from its workers, staff, officers, Consortium Banks, and other Government Bodies during the year under review.

AUDITORS:

Messrs R.A. Patel & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible, offer themselves, for reappointment.

On Behalf of the Board of Directors

Place : Mumbai
Date : July 28, 2003.

S. C. MALHOTRA
Chairman